AF/3626

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re the application of:

George M. HALOW and
Lewis E. ZUNIGA

Serial No: **10/042,236**

Group Art Unit: **3626**

Examiner:
Alexander G. Kalinowski

Filed : **January 11, 2002**

For : **MEDICAL BILLING SYSTEM TO PREVENT FRAUD**

APPLICANT'S REPLY BRIEF
UNDER 35 U.S.C. §1.193

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Applicant has reviewed the Examiner's Answer mailed on November 30, 2004 and is taking this opportunity to reply to various issues included therein:

The first issue that the Examiner raised responsive to applicant's Appeal Brief was that "The Examiner was using hindsight in applicant's own disclosure to reach the conclusion that it was legitimate to take official notice of the subject matter initially included in claims 22 and 23 and official notice should not have been taken for this feature."

As acknowledged by the Examiner, the subject matter initially included in claims 22 and 23 are now recited in independent claims 1 and 13. The Examiner, in response to applicant's argument regarding taking official notice of the appropriateness of a medical treatment claim based upon whether a single practitioner has submitted more than one disparate medical treatment claim for a single block of treatment time on a single day for different patients stated that "...the Examiner took official notice that checking for a specific type of

inappropriate claim in an automated system that checks for the appropriateness of submitted medical claims was well known in the claims fraud detection art". It is important to note that the above-cited quote was an inaccurate statement of the official notice taken by the Examiner. As specifically stated in the Office Action mailed on August 15, 2003, "However, the Examiner takes official notice that it was well known in the claims fraud detection arts to flag multiple claims submitted for more than one patient at a single period of time on a (sic) single day from a provider."

Applicant would certainly agree that if the Examiner were to take official notice of generally checking for the inappropriateness of a claim utilizing an automated system, this official notice would be legitimate. However, claims 1 and 13 are directed to the essence of the present invention in which it is specifically claimed that the software used in the system and method claims is directed to the situation in which the appropriateness of each of the medical treatment claims is based upon whether a single practitioner has submitted more than one disparate medical treatment claim for a single block of treatment time on a single day for different patients.

While there certainly is motivation for utilizing the system described in the Peterson reference to try to prevent medical fraud, there is no motivation in either the Peterson, Little and Kienle references directed to the specific type of medical fraud that is recited in independent claims 1 and 13. Therefore, there is no basis for rejecting the subject matter included in independent claims 1 and 13. As stated in *In re Lee*, 61 USPQ 2d 1430, 1434 (Fed. Cir. 2002) "Differential judicial review under the administrative procedure act does not relieve the agency of its obligation to develop an evidentiary basis for its findings." The court further stated "The foundation of the principal of judicial deference to the rulings of agency tribunals is that the tribunal has specialized knowledge and expertise, such that when reasoned findings are made, a reviewing

court may confidently defer to the agency's application of its knowledge and its area of expertise. Reasoned findings are critical to the performance of agency functions and judicial reliance on the agency competence". Finally, the court went on to state "Conclusionary statements such as those here provided do not fulfill the agency's obligation." It is therefor submitted since official notice should not have been taken by the Examiner, there is no evidentiary basis of rejecting claims 1 and 13.

Furthermore, as previously indicated, the portion of the claim of which the Examiner took official notice is a crucial element of the claim. Consequently, as stated in *In re Ahlert and Kuger*, 165 USPQ 418, 421 (CCPA 1970),

> "These aspects of judicial notice are primarily procedural, however, designed with the purpose in mind of fully utilizing the independent specialized technical expertise of the Patent Office Examiner while balancing the applicant's rights to fair notice and an opportunity to be heard. Equally important is a question of what role the facts so found may play in the evidentiary scheme upon which a rejection of claims is based. Typically, it is found necessary to take notice of facts which may be used to supplement or clarify the teaching of a reference disclosure, perhaps to justify or explain a particular inference to be drawn from the reference teaching. The facts so noticed serve to 'fill in the gaps' which might exist in the evidentiary showing made by the Examiner to support a particular ground for rejection."

It is submitted that the Examiner did not take official notice of facts which "fill in the gaps" of a rejection, but, rather, took official notice of a crucial element of claims 1 and 13. Therefore, it is again maintained that taking official notice of these facts was improper.

The Examiner's next argument was "Even if it was proper to take official notice of the subject matter of canceled claims 22 and 23, the software required in claim 1 utilized by system

in claim 13 would have to be drastically altered in the Peterson clearing house."

Firstly, it is noted that claim 1 is directed to the system for reviewing medical treatment claims and claim 13 is directed to the method of determining the appropriateness of a treatment claim submitted by one of a plurality of practitioners to one of a plurality of insurance entities. With respect to the test for obviousness, the Examiner has indicated that the test would be what the combined teachings of the references would have suggested to those of ordinary skill in the art. It is submitted that this test cannot be used in a vacuum. One possessing ordinary skill in the art when provided with the teachings of the Peterson, Little and Kienle references and faced with endeavoring to prevent medical insurance fraud, would not necessarily realize that medical fraud could be reduced dramatically if the software employed in the teachings of claims 1 and 13 of the present invention were utilized. This is true based upon the substantial change that must be made to the clearing house computer system utilized in the Peterson reference.

Regardless of whether it was proper to take official notice of the fact that it was well known in the claims fraud detection art to flag multiple claims submitted from more than one patient at a single period of time on a single day from a provider, the Examiner did submit the Hartnett-Barry article which proportedly is directed to this situation. However, it is submitted that the Hartnett-Barry reference does not address this feature of the present invention as recited in claims 1 and 13. The Hartnett-Barry reference is entitled "Uninsured Motorist Claims and Fraud". The majority of this article is directed to recognizing and therefore preventing fraudulent claims submitted with respect to a motor vehicle accident. The Examiner pointed out that material bridging pages 5 and 6 is in fact directed to this situation. However, the only statement remotely connected to this situation is one in which an individual physically visits an examination and treatment facility to determine "How many

examination treatment rooms are there? Could three insured really be treated at the same time?" A careful reading of the Hartnett-Barry reference therefore, in this context, is directed to the situation of whether there are enough treatment rooms to treat three patients at the same time. If indeed there are, in this case, three treatment rooms, then, conceivably, three physicians would be able to examine and treat three people at the same time. It is respectfully submitted that this situation is not the same situation as it is addressed in independent claims 1 and 13 in which a single practitioner utilizing the same or different treatment rooms submits a claim for the treatment of different patients at the same time. If the claim is directed to a clearing house which claims examination and/or treatment of two patients at the same time, the Hartnett-Barry reference would merely indicate that if two treatment rooms are present at that facility, it would be conceivable that the claim was legitimate. It is not directed to the situation in which a single practitioner claims, in several claim statements that different patients have been treated at the same time.

It is obvious that the Examiner has expended a lot of effort in trying to provide a reference dated prior to the filing of the present application which addresses the situation in which a single practitioner submits claims directed to more than one patient at the same time. However, none of the references included during the prosecution of this application, including the Kienle and Hartnett-Barry references address this situation. One can only conclude that if, this situation was so well known in the art to allow the Examiner to take official notice of it, such a reference could have been produced by the Examiner. Since no reference was produced, it can only be concluded that this was not an obvious step.

With respect to claims 4, 5, 17 and 18 reciting a system or method for determining the appropriateness of a medical claim based upon the total number of hours submitted by one of the practitioners for a particular duration of time, such as one

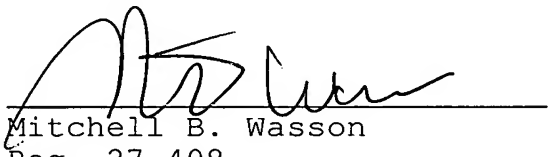
work day, it is submitted that this claim was not rendered obvious by the combination of the references cited by the Examiner. The Examiner, with respect to the Pendleton, Jr. reference which is directed to a method and system for detecting potentially fraudulent providers of goods and services stated, "Since the system can process claims on a daily basis, the claims that are submitted and analyzed represent the claims submitted that day for each provider. Furthermore, the Pendleton reference's description of numerous and expensive services is related to the number of claim hours claimed by a provider since numerous expenses and services correspond to more total claim hours submitted per provider as compared to providers who submit claims for less expensive and less numerous services. Moreover, the Pendleton system bases its determination on the appropriateness of the claims in this situation on whether an excessive number of expensive claims are submitted by the practitioner."

Therefore, although none of the Peterson, Little, Kienle and Pendleton, Jr. references are specifically directed to the situation in which a determination is made as to whether a practitioner has billed for more hours than is possible in a single work day, the Examiner has taken the position that since the Pendleton, Jr. reference processed claims on a daily basis, it would be obvious to check the appropriateness of claims based upon whether it would be possible or impossible for a practitioner to claim the total hours that were claimed. However, as indicated hereinabove, the Examiner would presuppose that these claims are submitted on a daily basis. Therefore, if a practitioner submitted a daily claim, indicating that the practitioner worked for 25 hours, the Pendleton, Jr. reference might conceivably reject this claim. However, this does not address the situation in which that same practitioner on more than one occasion would submit claims which, when added together, would total more than 24 hours. The Pendleton, Jr. reference might only flag the inappropriateness of this type of claim only

if it was submitted on one claim or, perhaps on more than one claim which were submitted in one day. It would not be able to check the situation in which multiple claims were submitted for procedures or treatments allegedly conducted in one day wherein the number of hours of the day would prohibit the treatment of all of these claims. It is note that, for instance, claim 4 does not prohibit the situation in which all of these claims must be submitted only in a single day.

It is believed for the reasons enunciated in appellant's brief as well as this reply brief that the Examiner's rejection of claims 1, 2, 4-15 and 7-21 are improper and should be reversed.

Respectfully submitted,



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